

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT AGENCY
WASHINGTON, D. C.

1946 AGRICULTURAL CONSERVATION PROGRAM

NORTH CENTRAL REGION

**PROCEDURE FOR COUNTY AND STATE OFFICES IN
FURNISHING CONSERVATION MATERIALS
AND SERVICES**

[Complete instructions for the preparation and distribution of all forms referred to in this procedure will be found in NCR-61, Directory of Conservation Materials Forms.]

CONTENTS

	Page
SECTION I.—Materials and services—general plan.....	1
SECTION II.—Minimum specifications.....	5
SECTION III.—Procurement methods.....	7
SECTION IV.—General instructions for contracting.....	9
SECTION V.—Soliciting bids and making awards.....	13
SECTION VI.—Approving requests, placing orders, and office records.....	17
SECTION VII.—Sampling and analyzing materials.....	19
SECTION VIII.—Checking weights of liming materials delivered under A. A. A. contracts.....	25
SECTION IX.—Payments to vendors under contracts and purchase orders...	26

SECTION I.—MATERIALS AND SERVICES—GENERAL PLAN

Conservation materials and services for carrying out approved conservation practices will be furnished on request in lieu of payments under the 1946 Agricultural Conservation Program in all States in the North Central Region, except Nebraska and South Dakota. Services only will be furnished in Nebraska and South Dakota. The materials to be furnished are: Liming materials; 18, 19, and 20 percent superphosphate; defluorinated phosphate rock; rock phosphate; and gypsum. The services to be furnished are: Construction of standard terraces, dams for livestock water, and farm ditches.

The cost of conservation materials or services furnished under this program shall be borne by farmers receiving the materials or services by having deductions made from payments earned for carrying out practices under the Agricultural Conservation Program. However, farmers will be required to contribute a proportionate part of the material or service in cash at the time the material or service is furnished, if the cost to A. A. A. exceeds the credit rate for the material or service. In some cases the cash collection will be made by county committees and in other cases by the contractor.

Contract purchases of material for distribution to farmers will be made in accordance with provisions covering government purchasing

contained in section 3709, Revised Statutes of the United States, except as modified by the authority granted under the First War Powers Act. Materials and services will also be provided on purchase orders authorized under section 8 (b) of the Soil Conservation and Domestic Allotment Act.

A. States approved for different materials.—1. Liming materials, superphosphate, and defluorinated phosphate rock will be furnished in Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, and Wisconsin.

2. Rock phosphate will be furnished in Illinois.

3. Gypsum will be furnished in Minnesota.

B. States approved for services furnished under purchase orders.—1. Construction of dams for livestock water will be furnished under the purchase order plan in Illinois, Indiana, Iowa, Missouri, Nebraska, Ohio, and South Dakota.

2. Construction of terraces under the purchase order plan will be furnished in Illinois, Indiana, Iowa, Minnesota, Missouri, Nebraska, Ohio, South Dakota, and Wisconsin.

3. Construction of farm ditches under the purchase order plan will be furnished in Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, Ohio, South Dakota, and Wisconsin.

C. Cash collections.—The A. A. A. will assume the cost of conservation material in an amount equal to the 1946 credit rate or actual cost to the A. A. A., whichever is the smaller:

1. **Delivered-to-farm and delivered-and-spread orders.**—The farmer will pay the contractor the difference between the credit rate and the contract price.

2. **F.o.b. rail, f.o.b. truck, f.o.b. truck at stock pile, and stock pile.**—The farmer will pay the county committee the difference between the credit rate and cost of the material (including freight for rail shipments) if the cost exceeds the credit rate. The county committee must make the collection before the farmer receives the material. The collection can be made at the time the ACP-64 is signed or, in the case of rail delivery, at the time the car is unloaded.

3. Cash collections received in connection with (2) above will be handled in accordance with Memorandum A & F-45-8-County Associations, dated September 30, 1944.

D. ACP-88 or ACP-88 (Revised), Oath of Office.—The person designated by the county office as consignee must have executed an ACP-88 or ACP-88 (revised), in order to be eligible to act in this capacity, unless such person has signed a dealer handling contract (Form NCR-46-78).

E. Distribution of conservation materials by consignee.—The consignee will supervise the distribution of conservation materials to see that each producer receives the amount requested on Form ACP-64. Consignee will arrange for the use of a scale, if possible, for weighing any bulk material which is received. Where scales are not available, the division of the material among the producers may be handled in any manner satisfactory to all interested parties.

F. Allocation of material.—1. **SUPERPHOSPHATE.**—The regional office will allocate the material to the States and each State will allocate to the counties. Material may be procured under contract or by purchase orders, however, the total amount obtained by each State under both methods may not exceed the State allocation.

2. **LIMING MATERIALS.**—The State office shall allocate to counties all

material purchased under State-wide contracts in a manner which will make the best possible use of all sources of material.

G. Allotment of funds.—Allotment of funds to be used in certifying payments to contractors and to vendors under purchase orders will be made by the regional office. State offices should request an allotment for this purpose prior to January 1, 1946, based on an estimate of the total value of orders which will be placed with liming material contractors, and purchase orders for superphosphate and services which will be placed with vendors prior to July 1, 1946. Forms ACP-64 shall not be placed with contractors or purchase orders issued to vendors, unless the State office has sufficient unobligated funds available in the allotment to cover the estimated value of such Forms ACP-64 or purchase orders. County offices will advise the Conservation Materials Unit in the State office on the 20th of each month and the Conservation Materials Unit will advise the State accountant on the 25th of each month of the following:

1. Total value of all Forms ACP-64 and purchase orders placed with contractors and vendors for the 30-day period ending on the 20th of each month.
2. Estimated value of all Forms ACP-64 and purchase orders expected to be placed with contractors and vendors during the subsequent 30-day period.

The State accountant will obligate the total amount represented in (1) above, and will use the total amount represented in (2) above, in determining whether or not it will be necessary to request an additional allotment from the regional office.

H. Obligation of funds covering charge for rail transportation.—The State office shall advise the Control Accounts and Audit Section on the last day of each month of the amount of funds required to pay the freight charges on all material shipped on Government bills of lading during that month.

This amount will be determined by multiplying the number of tons shown on the State office copy of completed bills of lading received from the shipper during the month times the applicable average freight rate.

I. Form NCR-46-84, Trucking Contract.—The trucking contract will be used by county offices in connection with f.o.b. truck and f.o.b. rail shipments when farmers are unable to furnish their own or to obtain adequate trucking facilities, and when use of such trucking contracts will facilitate the delivery of liming materials to farmers in the county. When trucking contracts are involved the county association will collect the difference between the total cost to the A. A. A. and the credit rate from the farmer before the orders are given to the trucker.

J. Dealer handling of superphosphates.—County committees, subject to the approval by the State committee, shall enter into contracts with local dealers for receiving, distributing, and storing superphosphate and raw rock phosphate provided prices offered are not considered by the State committee to be excessive. Form NCR-46-78 will be used for this purpose.

K. Failure to use during program year.—Where a producer obtained conservation material but did not use such material during the program year, he should be allowed to use the material the following year provided he obtains permission from the county committee. The county committee may permit the producer to retain the material for

use during the following year, or if the needs of the county are such that the material is needed for distribution to other farmers for immediate use may require the return of the material. When the material is retained for use during the following year, the deduction for the value of the material should be made from the payment for the program year during which it was furnished. If in the following year the material is used in accordance with the provisions of the program for such year, credit will be given for the application of the material. If the material is misused, or is not used during the program year for which it was obtained and permission to use it during the following year was not secured from the county committee, the rate of deduction will be twice the amount of the usual rate of deduction for that portion of the material misused.

L. Intended use during the following program year.—Upon approval by the county committee, if material is obtained during one program year and it is indicated on the order that it is for use during the following program year, no deduction shall be made from the payments earned by the farmer during the program year in which the material was delivered. Such material shall be handled as if it were delivered during the program year in which it was intended for use. The county committee, in approving requests for material for use during the following year, should take into consideration the availability of material and should not approve such requests where there is not sufficient material to meet the immediate needs of the county.

M. Refunds.—If the value of the material supplied a producer is in excess of his 1946 agricultural conservation payment, the excess amount shall be repaid to the Government. The refund shall be in the form of a postal money order, certified check, or cashier's check, payable to the Treasurer of the United States, and forwarded to the State office with a memorandum explaining the circumstances. In the event the refund cannot be obtained, the producer's name should be placed on the register of indebtedness.

N. Ordering liming materials.—1. Orders should be placed in accordance with the anticipated delivery schedule shown in the contract for delivered to farm and delivered and spread types of delivery. Orders for all other types of delivery should be placed in accordance with allocations received from State offices.

a. Orders should be placed with the contractor in a manner which will result in his having not more than 60 days' supply of undelivered orders on hand at any one time.

b. If the contractor does not make delivery in accordance with the terms of his contract, a member of the county committee should contact him in an effort to determine the reason for the delinquency. If the problem cannot be settled satisfactorily between the county committee and the contractor the county committee should promptly report the facts in the case to the State office for handling.

O. Liability of Consignee.—The consignee shall be financially liable for all material which is not accounted for on Form ACP-65 provided the State committee determines that the shortage was due to gross negligence or carelessness on the part of the consignee.

SECTION II.—MINIMUM SPECIFICATIONS**A.—LIMING MATERIALS TO BE FURNISHED UNDER CONTRACT IN THE VARIOUS STATES**

1. Agricultural ground limestone (including by-product of lead separation), agricultural meal and agricultural slag meal (in bulk and on a 2,000-pound ton basis):

INDIANA, IOWA, MICHIGAN, OHIO, AND WISCONSIN

(a) The material must contain 80 percent calcium carbonate equivalent.

(b) The material must be ground sufficiently fine so that 80 percent, including all the finer particles obtained in the grinding process, will pass through a U.S. Standard No. 8 sieve and 20 percent through a U.S. Standard No. 100 sieve.

(c) The moisture content at the time of shipment shall not exceed 8 percent.

NOTE: The calcium carbonate equivalent and the percent passing through a U.S. Standard No. 8 sieve must be at least 80 and one or both must be greater than 80 so that the multiplication of the percent of calcium carbonate equivalent by the percent of material passing through a U.S. Standard No. 8 sieve will be equal to or in excess of 0.7200.

MISSOURI

(a) The material must contain at least 80 percent calcium carbonate equivalent.

(b) The material must be ground sufficiently fine so that 90 percent, including all the finer particles obtained in the grinding process, will pass through a U.S. Standard No. 8 sieve.

(c) The moisture content at the time of shipment shall not exceed 8 percent.

ILLINOIS AND MINNESOTA

(a) The material must contain 80 percent calcium carbonate equivalent.

(b) The material must be ground sufficiently fine so that 80 percent, including all the finer particles obtained in the grinding process, will pass through a U.S. Standard No. 8 sieve.

(c) The moisture content at the time of shipment shall not exceed 8 percent.

NOTE: The calcium carbonate equivalent and the percent passing through a U.S. Standard No. 8 sieve must be at least 80 and one or both must be greater than 80 so that the multiplication of the percent of calcium carbonate equivalent by the percent of material passing through a U.S. Standard No. 8 sieve will be equal to or in excess of 0.7200.

2. Marl, sugar beet refuse lime, and paper mill refuse lime (in bulk and on a cubic yard basis):

(a) 70 percent calcium carbonate equivalent.

(b) Condition suitable for spreading.

3. Lead mine refuse lime (in bulk and on a 2,000-pound ton basis):

(a) 80 percent calcium carbonate equivalent.

(b) 90 percent must pass through a U.S. Standard No. 8 sieve.

(c) Moisture content at time of shipment must not exceed 8 percent.

4. Carbide refuse lime (in bulk and on a 2,000-pound ton basis):

(a) 85 percent calcium carbonate equivalent.

(b) Moisture content at the time of shipment must not exceed 35 percent.

5. Agricultural granulated slag or agricultural slag screenings (in bulk and on a 2,000-pound ton basis):

(a) 80 percent calcium carbonate equivalent.

(b) 80 percent must pass through a U.S. Standard No. 8 sieve.

B.—LIMING MATERIALS TO BE FURNISHED UNDER CONTRACT IN OHIO ONLY

1. Agricultural superfine liming material. (In bulk and on a 2,000-pound ton basis).

(a) 80 percent calcium carbonate equivalent.

(b) 90 percent, including all the finer particles obtained in the grinding process, must pass through a U.S. Standard No. 8 sieve and 80 percent must pass through a U.S. Standard No. 100 sieve.

(c) Moisture content at time of shipment must not exceed 8 percent.

2. Agricultural pulverized liming material. (In bulk and on a 2,000-pound ton basis):

(a) 80 percent calcium carbonate equivalent.

(b) 90 percent, including all the finer particles obtained in the grinding process, must pass through a U.S. Standard No. 8 sieve, and 60 to 75 percent must pass through a U.S. Standard No. 100 sieve.

(c) Moisture content at time of shipment must not exceed 8 percent.

3. Agricultural ground liming material and agricultural ground slag. (In bulk and on a 2,000-pound ton basis):

(a) 80 percent calcium carbonate equivalent.

(b) 90 percent, including all the finer particles obtained in the grinding process, must pass through a U.S. Standard No. 8 sieve, and 40 to 55 percent must pass through a U.S. Standard No. 100 sieve.

(c) Moisture content at time of shipment must not exceed 8 percent.

C.—SUPERPHOSPHATE—18, 19, OR 20 PERCENT

1. 18, 19, or 20 percent available P_2O_5 , whichever is specified.

2. Furnished in 100 pound bags or bulk.

D.—DEFLUORINATED PHOSPHATE ROCK

1. 18 percent available P_2O_5 .

2. Furnished in 100 pound bags.

E.—ROCK PHOSPHATE

(Will be furnished in 100-pound bags or in bulk)

1. 30 percent total phosphoric acid (P_2O_5).

2. Phosphate rock mined and recovered in the State of Florida must be ground sufficiently fine so that not less than 85 percent will pass through a 200-mesh sieve. Phosphate rock mined and recovered in the State of Tennessee must be ground sufficiently fine so that not less than 95 percent will pass through a 200-mesh sieve.

3. Moisture content at the time of shipment must not exceed 3 percent.

F.—GYPSUM

(Will be furnished in 100-pound bags)

1. 18 percent water soluble sulphur.

2. 85 percent will pass through a U. S. Standard No. 100 sieve.

3. Moisture content must not exceed 6 percent in addition to water of crystallization.

G.—SPECIFICATIONS FOR SERVICES TO BE FURNISHED UNDER THE PURCHASE ORDER PLAN

Dams for livestock water, terraces, and farm ditches shall be constructed in accordance with the specifications set forth in the Committeeman's Handbook.

SECTION III.—PROCUREMENT METHODS**A.—MATERIAL PURCHASED UNDER CONTRACT**

1. 18, 19, and 20 percent superphosphate, defluorinated, and rock phosphate.—Contracts for these materials will be awarded by the Washington office of the Department of Agriculture and allotments of such materials will be made to the States.

2. Liming materials and gypsum.—Under the supervision of the State committee, county committees will solicit bids for liming materials on a delivered to farm and delivered and spread basis from regular dealers and suppliers and make recommendations for award of contracts to the State committee. The State committee member authorized to act as contracting officer will make awards and authorize the county committees to proceed with the acceptance of requests for material and placing of orders. State committees will solicit bids for liming materials and gypsum for delivery f.o.b. rail, f.o.b. truck, f.o.b. truck at stock pile, and stock pile types of delivery. Awards made for these types of delivery will be on a State-wide basis.

A. TYPE OF CONTRACTS ENTERED INTO WITH CONTRACTORS

(1) All contracts awarded will be source of supply contracts.—Awards made under source of supply contracts represent a continuing offer by the contractor to furnish material at the price indicated in his bid, in accordance with the terms of the offer. However, a binding contract is created when orders are accepted by the contractor, making him liable for failure to deliver the amount ordered, and to pay excess costs which may be incurred in connection therewith. The contractor will be obligated to fill all orders mailed to him, or placed with him in person unless they are returned to the office placing the order within 15 days from the date such order was mailed to him or placed with him in person. All orders returned should be accompanied by a written notification from the contractor explaining his inability to accept the order.

(a) Orders may be returned within the 15-day period only if the contractor does not have sufficient material to fill the orders. If the contractor desires to return a portion of the orders placed, the ordering office will determine which orders are to be returned.

(b) In the case of orders for deliver to farm or deliver to farm and spread on fields types of delivery the contractor may return individual orders to the county office at any time if he is unable to make proper financial arrangements with the farmer for payment of the farmer's share of the cost of the material. The county committee should not agree to the return of such orders unless the contractor submits acceptable evidence that the farmer will not make arrangements for payment of his share. The county committee will decide whether the evidence submitted is acceptable. The contractor is obligated for the total tonnage accepted by him and if any orders are returned for the above reason the county committee should place other orders with the contractor for an equal tonnage.

(c) Individual orders returned by the contractor because the farmer has not made proper financial arrangements for payment of his share of the cost of the material should not be canceled by the county committee. Orders of this type should be placed at the bottom of the list in the county office and should not be placed with the contractor again until all other orders on hand in the county office have been placed with the contractor and the farmer has made proper financial arrangements for payment of his share of the cost of the material.

(2) Contracts awarded on county basis.—County committees will solicit bids and State contracting officers will make awards on a county basis for material delivered to farm and delivered and spread. (The Government will assume liability in the contract for payment to the contractor of an amount per ton or cubic yard equal to the credit rate

for the area for which the award was made. The contractor must look to the farmer receiving the material for the difference per ton or cubic yard between the credit rate and the contract price.)

(3) **Contracts awarded on a State-wide basis.**—State committees will solicit bids and make awards on a State-wide basis for all material furnished on a f.o.b. rail, f.o.b. truck, f.o.b. truck at stock pile and stock pile basis. (If the cost to the Government exceeds the credit rate for the area, the county committee will collect in cash from the farmer the difference between the cost of the material and the credit rate. The Government will pay the contractor the total contract price.)

B. MATERIALS AND SERVICES FURNISHED UNDER THE PURCHASE ORDER PLAN

Superphosphate and all services shown in Section I may be furnished by vendors under the Purchase Order Plan at not to exceed the fair price as determined below, to farmers whose requests for such materials or services have been approved by the county committee. Payments to vendors will be approved by the county committee and certified in the State office.

1. **Definition of fair price.**—A fair price is the lowest price at which the county committee determines that vendors are able to supply a sufficient volume of a material or service, taking into consideration, among other things, (1) the prices which farmers are currently paying for the material or service through local supply channels; (2) the prices at which farmers can obtain the same materials or services through other than local channels; (3) where production of the material is local, the prevailing cost to the vendor and the normal margin; (4) where the service involved is not customarily performed commercially in the locality, the estimated cost of performing the service plus a margin to the vendor reasonably in line with locally prevailing trade margins.

2. **Persons who may fill purchase orders.**—Any vendor, in addition to those submitting quotations to the county office at the time the fair price was established, may fill purchase orders provided he will furnish such material or service at or below the fair price.

3. Determination and approval of fair prices:

a. **Services.**—Fair prices for services will be determined by the county committee and need not be approved by the State committee. A separate fair price may be determined for each transaction. The price agreed upon between the vendor on one hand and the farmer and the county committee on the other hand will become the fair price for the performance of the particular service involved. This arrangement will permit consideration of any unusual conditions and circumstances involved in the performance of services on individual farms.

b. **Superphosphate.**—State-wide fair prices per ton will be determined by the regional office on recommendation of the State committee. County committees shall obtain quotations from all vendors who customarily furnish the particular type of material in the county. These quotations shall indicate the price per ton at which the material will be furnished and the approximate quantity that the vendor can furnish. The quotations received shall be summarized on Form ACP-146, "Fair Price Recommendations," and submitted to the State office. The county committee should indicate on Form ACP-146 its recommendation as to a fair price for the specified material to be furnished to farmers in the county. The State committee may approve individual fair prices by county provided they do not exceed the State-wide fair price as approved by the regional office.

4. **Persons excluded from filling purchase orders.**—a. No person paid in full or in part from AAA funds, and no firm with which any such person is identified or in which he has a controlling financial in-

terest, may supply or agree to supply conservation materials or services to the A. A. A. on purchase orders unless permission is specifically granted in particular cases by the Chief, A. A. A.

SECTION IV.—GENERAL INSTRUCTIONS FOR CONTRACTING

A. First War Powers Act.—All contracts shall be awarded in conformance with the authority granted the A. A. A. by the Director of Finance under the First War Powers Act and amendments. Executive Order 9001 and 9023 authorized the Department to perform the functions and exercise the powers described in title II of the act, approved December 18, 1941 (Public Law 354, 77th Cong.), entitled "An Act to Expedite the Prosecution of the War Effort." The contracting officers of the North Central Region may exercise the above-mentioned authority within the limitations provided in this procedure.

B. Price ceilings.—Awards shall not be made at a price exceeding the bidders' price ceilings established by Revised Maximum Price Regulation 386, effective October 12, 1944.

C. Transportation tax.—Shipments made on Government bills of lading are exempt from the Federal transportation tax. It is, however, applicable to all other transportation hired by the Government, including that supplied under county association trucking contracts entered into on Form NCR-46-84.

Contractors supplying railhead or delivered to farm service under contracts with the Government must pay the tax on hired transportation, whether rail or truck. If they use their own trucks, the tax is not applicable on the charge for trucking.

D. State or local sales taxes.—State or local sales taxes should not be included in the price bid. It will be necessary for the contractor to sign a certification to the effect that such taxes were not included in the price offered, when his voucher is submitted for payment.

E. Walsh-Healey Act.—Provisions of the Walsh-Healey Act will apply to all contracts where the value of the material to be furnished may exceed \$10,000. If the contractor states in his offer that he will not comply with the provisions of the Walsh-Healey Act, his contract must be limited to \$10,000.

F. Persons excluded from bidding.—The following persons may not have any interest in a Government contract for liming materials: Agricultural conservation community committeemen, county agricultural conservation committeemen, agricultural conservation county office employees, State agricultural conservation committeemen, agricultural conservation State office employees, other Federal employees, and any member or delegate to Congress or resident commissioner.

G. Forms to be sent to bidders.—1. U. S. Standard Form 33 (Revised), together with pages 2, 3, and 4 of the contract form, shall be forwarded in duplicate to all responsible dealers, truckers, or producers known to the county committee or the State committee.

2. If the amount of material which will be used in the area covered by the bid invitation may exceed \$10,000 in value, two copies of the Walsh-Healey stipulations should be submitted to the prospective bidder with the bid invitation forms and should be made a part of any award in excess of \$10,000.

3. If any person requests permission to bid, he shall be given an in-

vation. A copy of the county invitation and the State-wide invitation shall also be posted in the post office in the city where the county committee receives their mail.

H. Receipt of bids.—Bids will be received in the office of the county association in case of county solicitations and in the State office in case of State-wide solicitations, and held unopened under lock until the date and time of opening, as stated in the advertisement. Any bids received and opened through error prior to the time of opening will be immediately resealed by the person opening same and the envelope signed to show who opened it, and such person shall be held responsible that the contents thereof are not divulged.

I. Public opening and recording of bids.—At the time and date of opening, all bids received shall be opened publicly, read, and the prices bid recorded in a permanent record by the person named in the advertisement, or his representative, at the place mentioned in the advertisement. The bid abstract, Form NCR-67, will be the permanent record. Bidders or their representatives may be present at the opening.

J. Delayed bids.—Bids received after the time of opening will be returned to the bidder unopened with a letter of explanation, except in the case where the delay was due to the mails and the post office cancellation mark, confirmed by the postmaster, clearly indicates that the bid was mailed in proper time and manner to be received in the ordinary course of mails before the time fixed for the opening of bids. In this event the bid should be opened, considered, and clearly marked to show the time of receipt.

K. Correction in bids before opening.—1. Corrections made on bids prior to opening must be initialed by the bidder or must be verified by a statement signed by the bidder, if such bid is to be recommended for acceptance. When this statement is necessary, it must be attached to the original bid. Corrections not initialed on bids which are not to be recommended for acceptance must be noted by a statement made and signed by the county committee, or in the case of State-wide solicitations by the State contracting officer. This statement must be attached to such bid for future reference. If at a later date such bid is to be accepted it will be necessary to have the changes initialed by the bidder or a statement obtained from him verifying such change and attached to the original bid before the contract can be awarded.

2. Bids can be corrected, amended, or withdrawn by telegraph or letter before the time set for the opening of bids. In such cases the telegram or letter should be held and considered together with the bid at the time of opening.

L. Telegraphic bids.—1. Complete telegraphic bids cannot be considered.

2. Telephone or oral bids, or a bid submitted by letter and not on the bid invitation, U. S. Standard Form 33 (Revised), cannot be considered.

M. Correction in bids after opening.—1. No corrections or modifications in bids will be permitted after the time of opening. Clarification of a bid by the bidder may be considered by the contracting officer.

2. Where the price bid is obviously in error, the county committee or the State committee, whichever is applicable, should verify the price bid by securing a written statement from the bidder which should be attached to the bid.

N. Examining bids.—The county committee or the State committee, whichever is applicable, will examine all bids to see that they are properly executed; that no modifications have been made in the terms of the invitation, and that they are signed by the bidders or their authorized representatives.

1. In the event an agent signs for the principal, the principal must be disclosed and the committee examining the bids must be satisfied that the agent has authority to act in the capacity shown.

O. Readvertising.—In the following cases the State committee will authorize the county to readvertise:

1. **All bids originally rejected.**—Where the State committee has rejected all bids received under a prior advertisement and the State committee believes that readvertising may establish satisfactory sources of supply.

2. **Original supply exhausted.**—Where the amount offered by the accepted contractor has been ordered and sufficient additional material cannot be secured through an increase in his contract or by negotiating a new contract at a fair and reasonable price.

3. **Contract terminated before completion thereof.**—Where the contract has been terminated for any reason.

P. Increasing amount of material to be delivered under the contract.—1. The amount of material offered by the bidder may be increased by mutual consent of the contractor and the contracting officer when the contractor agrees to provide more material at the same price or lower price, and the county committee determines that this is the best price that can be currently obtained. If an increase in the amount of the contract is desired, the county committee should forward the State committee the following:

a. A memorandum giving the additional amount needed and stating that the price offered is the best price that can be currently obtained.

b. Attached to the above memorandum a statement from the contractor setting out:

(1) That he agrees to deliver material meeting the specifications provided in the original contract at the same or a lower price. (Giving the price and contract number.)

(2) The amount he agrees to furnish.

2. If it appears that it might be possible to secure a better price through readvertising, the county committee should request authority from the State committee to readvertise.

3. The Walsh-Healey Act applies to all contracts where the amount of the contract may exceed \$10,000. In the case of increasing an agreement where the increase may result in the value of the agreement being in excess of \$10,000, the Walsh-Healey Act will apply to the amount of increase and the undelivered portion of the original contract at the time of increase. It is necessary that the contractor sign a statement agreeing to comply with the provisions of the Walsh-Healey Act. If the contractor will not agree to comply with the provisions of the Walsh-Healey Act, it will be necessary to limit the increase in the contract so that the total amount of the contract will not exceed \$10,000.

Q. Treating offers to decrease price after award.—After an award has been made, the contractor may offer to decrease his contract price for a temporary period or for the duration of the contract, and the Government has the right to accept his offer. If a temporary decrease is offered, the contract may later be increased up to but not to exceed the price contained in the original award, provided the language used

does not preclude later increase of price. An example of an offer for a temporary decrease in price is the statement, "Until further notice my price should be decreased \$0.25 per ton." If the contractor furnishes a statement which does not limit the reduction to a temporary period, such as "From now on until the end of my contract my price should be reduced \$0.25 per ton," then under no circumstances can it be increased to the original price. In all cases, offers to decrease prices must be in writing, signed by the contractor, and transmitted immediately to the State office. A letter of acceptance shall be written by the contracting officer to the contractor. One signed copy thereof together with the original of the offer shall be forwarded to the General Accounting Office, Washington, D. C., also copy of the offer and a copy of the acceptance shall be forwarded to the North Central Division. The same procedure must be followed in connection with subsequent increases in price. County office records shall be changed as soon as the decreases or increases are properly approved by the State office.

R. Continuation of contract when original contractor is deceased.—The estate of a deceased contractor is required to fulfil a source of supply contract to the extent of unfilled orders on hand at the time of the contractor's death. However, the balance of such a contract may be canceled or continued by a representative of the estate of the deceased contractor. In the event the contract is to be continued a statement in duplicate agreeing to the terms of the contract, signed by the party who is to continue the contract and approved by the contracting officer, should be prepared. The original copy of the statement should be forwarded to the Contract Examining Section, General Accounting Office, Washington 25, D. C., and a copy to the North Central Division. If the contract is to be continued by an administrator or executor, the capacity in which such person is signing should be shown, and the statement sent to the General Accounting Office should be accompanied by letters of authority authorizing the administrator or executor to act in the capacity indicated and showing that such authority is still in full force and effect. If the contract is to be continued by someone other than a representative of the decedent's estate, the relationship to the deceased should be given and information as to whether there will be administration of the estate should be furnished. If an administrator has been appointed but the contract is to be continued by someone else, in addition to the statement by the person who is to continue the contract, a statement should be submitted by the administrator to the effect that it is satisfactory for the contract to be continued by such person. Forms ACP-68-B, covering material supplied by the substitute contractor, should be signed by him, and he should be indicated as payee on the voucher.

S. Right of either party to terminate contract.—The contractor may terminate his offer at any time upon written notice to the Government. After giving such written notice to the Government he is not required to accept any additional orders; however, he must furnish an explanation why cancellation is desired. This statement is necessary as it will be used as a basis to determine if such contractor should be solicited for future business. If cancellation is requested for unjustifiable reasons, future invitations should not be sent to such contractor. If such contractor requests an invitation and bids, then such bid should not be recommended for acceptance.

The Government may, at any time, terminate the award made to the contractor. The Government will terminate the award for the following reasons:

1. Where material is delivered that does not meet the specifications as stipulated in the bid invitation, unless local conditions make it necessary to accept material slightly below specifications. In this event, payment for all material will be made at a reduced price. The State committee shall decide all such cases.

2. Where orders have been placed with the contractor and deliveries have not been made on schedule or otherwise not in accordance with his offer. A contractor is required to fulfil a terminated contract to the extent of unfilled orders on hand on the date the contract is terminated and which are not returned to the office placing the order within (15) days from the date mailed or delivered to him.

3. Where a contractor makes an assignment of his agreement. (For exceptions see paragraph T of this section.)

4. Contractor's failure to meet prevailing commercial prices.

NOTE: If at any time during the period of the contract lower prices are quoted to the county committee by a responsible contractor other than the ones originally solicited, or there is a general commercial reduction in price and the county committee believes a lower price can be obtained, such price quotations must be immediately communicated to the State office. Under these circumstances the contractor who has received the award should be given an opportunity to reduce his price to meet the new available price. If he does not do so, the State committee may elect to terminate the agreement and instruct the county committee to readvertise for new bids. Extreme care should be exercised by the contracting officer to avoid readvertising where to do so might result in a higher price than originally bid or in a saving too nominal to warrant the cost of readvertising. However, every effort should be made to obtain the best price within the county.

T. Transfer of interest in contract.—1. If a contractor desires to transfer the interest of his contract to another person, he should be advised that such procedure is not permissible except in cases which come under the provisions of paragraph 26 (Contracts—Assignment) on page 120 of U. S. Department of Agriculture Procurement Manual, part II, Contracting Procedure.

2. The estate of a deceased contractor may transfer the balance of the contract to a substitute contractor as provided by the instructions in paragraph R of this section.

3. In the event of the transfer of a source of supply contract in disregard of the instructions referred to above, the State office should be advised immediately in order that the contract may be terminated.

U. Assignment of payments by contractors.—Payments due under a contract may be assigned. Such assignment shall be made in conformance with the procedure set forth in section 9, paragraph 6, of this procedure.

SECTION V—SOLICITING BIDS AND MAKING AWARDS

A. Request for authority to solicit bids.—The county committee, after analyzing the needs of the county, will request authority from the State committee to solicit bids for material delivered to farms and delivered to farms and spread on fields by use of Form NCR-65.

1. The contracting officer shall complete Form NCR-65, approve and return to the county committee.

B. Forwarding invitations to bidders.—The county committee (or the State Committee in case of State-wide awards) shall prepare and forward the Bid Invitations (Standard Form 33—Revised) to prospective bidders.

C. Abstracting bids.—The county committee or the State contracting officer, whichever is applicable, shall publicly open all bids on the date and at the time specified in the invitation and will prepare an abstract of all bids received on Form NCR-67 or 67A—Bid Abstract.

D. Administrative determination by county committee.—It is the definite responsibility of the county committee to make such inquiries or investigations as may be necessary, with regard to the bidder's source of supply, credit facilities, and equipment, to administratively determine the bidder's apparent ability to comply with his offer.

E. Awards to other than low bidders.—Subject to the county committee's determination of the bidder's ability to comply with his offer, awards may be made to other than low bidders under any of the following conditions:

1. The source of supply of the low bidder is not the most centrally located source in relation to the area to be served.

2. Deliveries by the low bidder would entail an excessive truck or rail haul.

3. Award to low bidder would cause his hauls to overlap those of other contractors.

4. It is necessary to make awards to more than one bidder to adequately meet requirements of the area with a minimum use of transportation facilities.

5. If a bidder specifies "all or none" of a group of townships, or the entire county, and it is clearly to the advantage of the Government to accept such bid, in that the aggregate cost for the area specified is less than the cost would be if separate awards were made for the individual townships, the bid may be recommended.

6. If it is the definite conviction of the county committee, after proper investigation, that the bidder will not be able to comply with the terms of his offer, even though he is the acceptable bidder otherwise, such bidder need not be recommended to the contracting officer. It will be necessary in such cases to furnish information to the State office regarding the bidder's source of supply, credit facilities, equipment, experience of the county committee in dealing with him, and any other reasons why the county committee believes the bidder should not be given the award.

F. Tie bids.—1. The county committee should determine whether any factor exists that would result in an advantage to the Government and form a basis for preferring one bidder over another. An example of this would be the difference in quality of material, or the fact that one bidder is offering sufficient material to meet the entire needs of the county and another bidder is offering an amount of material that will only partially meet the needs of the county.

2. It is possible to recommend the acceptance of all bids which are tied. This would be desirable if no bidder has offered enough material to meet the probable needs of the county.

3. If no factor exists which would justify accepting one tie bid over another, and it is not desirable to accept all tie bids, the one to be accepted should be determined by lot.

4. The receipt of a number of tie bids indicates possible collusion among bidders. In this event, the county committee should investigate such bids and furnish the State office with a statement covering the results of this investigation and their opinions as to whether collusion actually existed.

G. Forwarding bids to the State office.—The county will forward the following forms to the State office:

1. All bids received and the envelopes in which they were sent.
2. Two copies of the bid abstract, Form NCR-67, and two copies of the county committee's recommendations.
3. All county office correspondence to and from bidders and any additional information or material incidental to the bids.

H. State-wide bids opened in the State office.—1. The county committee and the fieldman, at the request of the State committee, shall assist in compiling any information required by the State committee in determining the acceptable bidders.

I. Bid receiving and progress record.—The State office will maintain a record of counties authorized to solicit bids, date of bid openings, and date bids and related material are received in the State office. Bids, bid envelopes, bid abstract, and all related correspondence shall be stamped with a time stamp immediately upon receipt in the State office.

J. Examining bids in State office.—Before a detailed examination is made of the bids, a check should be made that all forms listed on the bid abstract are present. A detailed check of all material should be made to determine:

1. That all prospective bidders have been solicited by the county by making a cross check of the names appearing on Form-NCR-65 and NCR-67.
2. That the blanks provided for the name of county association, address, and date have been properly completed on the bid forms.
3. That the approximate quantity of the material and the names of the county and State are entered in the spaces provided therefor.
4. That the blanks for average truck haul, location of source, the amount of material, price, etc., are properly completed by the bidder.
5. Whether the aggregate cost of the material offered may exceed \$10,000. If different prices are quoted for different townships, assume that each township will receive an equal share of the material offered, and by thus averaging the cost of the material determine the probable amount of the award. Where, according to this computation, the value of the material offered will exceed \$10,000, determine that item 2 of the bidding schedule has been completed. If the answer is "yes" and the Walsh-Healey Act is applicable, determine that the Walsh-Healey stipulations are included with the bid. In the event the Walsh-Healey stipulations are not included with the bid, a notation should be made to attach a copy to the bid, if accepted, before transmitting the contract to the General Accounting Office, and to forward a copy of such stipulations to the bidder with the notice of acceptance. If the answer is "no" or if the county committee has knowledge that the value of the material to be furnished under the contract will not exceed \$10,000, a notation should be made on the suspension sheet to limit the contract to \$10,000. Bidders who indicate in item 1 of the bidding schedule that they are not dealers or manufacturers may not be awarded a contract in excess of \$10,000.
6. That no alterations have been made on the printed parts of the form, and that all changes in entries made by the bidder bear the initials of the persons signing the bid.
7. That the bid was submitted and dated prior to the time of opening. A bid should be questioned if there is anything about the bid, the envelope in which it was submitted, or any surrounding circumstances that indicate the bid was not actually received in its complete form prior to the date of opening the bid. Accepting bids submitted after the time set for opening removes the fair competition required by law since late bidders may have obtained information that would enable them to unfairly submit the lowest bid.
8. That where a discount has been offered, the county has indicated on the bid abstract the net prices per ton after taking the discount into consideration. The county committee computations should be checked.
9. That the lowest acceptable price bid does not exceed the price for which the material is being sold commercially, as indicated by the estimates submitted by the county at the time authority to solicit bids was requested.

10. That the amount of material offered by the bidder is comparable with the needs as estimated by the county.

11. That no restrictions are made by the bidder which would change the terms of the advertisement. If restrictions or modification in any manner would permit the bidder to obtain an advantage over other bidders, such bid should be rejected. An example of such restriction would be if a contractor bid on a per ton mile basis.

12. That all the necessary information on this form has been properly entered.

K. Suspensions.—In the event any information has been omitted from the forms that cannot be supplied in the State office from available information, the forms should be returned to the county office for completion.

L. Making awards.—No award should be made until all questions concerning the bid to be accepted have been settled.

M. Preparation of Standard Form No. 1036.—1. Where awards are made to other than low bidder, the contracting officer will prepare standard Form No. 1036 in triplicate.

2. Standard Form No. 1036 shall contain a complete explanation and justification of the action taken.

3. The original shall be forwarded to the North Central Division, one copy filed with the State office copy of the contract, and one copy filed with the county office copy of the contract. **DO NOT SEND A COPY TO THE GENERAL ACCOUNTING OFFICE.**

4. The information furnished on this form must be complete since all action taken under the First War Powers Act is subject to review by the Director of Finance.

N. Contract number.—1. The State office will number the contracts consecutively beginning with number 1, preceded by the letter "A," the State code number, and "(L46) aa"; for example, "A35 (L46)aa-1."

2. **REGISTER OF CONTRACT NUMBERS.**—A register of numbers shall be prepared showing the contract numbers and the names of the contractors.

3. Enter the number of such contract in the upper right corner of the bid form in the space marked "Contract No." This number will be entered on the original signed bid, the original typed copy, and all carbon copies.

O. Notice of acceptance.—Form NCR-971 (or Form NCR-971-A) shall be prepared by the State office for each contract awarded.

P. Distribution of U. S. Standard Form 33 (Revised), and related forms.—1. The original Form NCR-971 (NCR-971-A) shall be forwarded to the contractor with a letter of instructions (see sample in Directory of Conservation Materials Forms, NCR-61) and a supply of Forms NCR-663 and ACP 68-B.

2. The signed original of Form 33 and a signed copy of the Notice of Acceptance Form NCR-971 (or NCR-971-A) shall be attached together for forwarding to the General Accounting Office, Washington 25, D. C.

3. A copy of the bid abstract, a copy of the Notice of Acceptance, and Standard Form No. 1036 shall be attached together for forwarding to the regional office.

4. One copy of Form 33, together with a copy of the Notice of Acceptance (NCR-971) shall be forwarded to the county association covering all contracts awarded for "Delivered to Farms" and "Delivered to Farms and Spread on Fields".

5. The following shall be filed in the State office:

a. **Accepted bids.**—The original typed copy of Form 33, a copy of the bid abstract, a copy of Form 1036, and a copy of Form NCR-971 (or NCR-971-A) should be placed in a folder and secured by an ACCO fastener. The bid abstract should appear first in the file. The tab on the folder should bear the name of the county, the name of the contractor, and the contract number, except in the case of State-wide awards the name of the county will not be shown.

b. **Rejected bids.**—These should be filed by counties in a folder immediately following the accepted bid folder. Rejected bids in connection with State-wide solicitation should be filed in a folder immediately following the accepted State-wide contract.

Q. Preparation of PC-1, Notice of Award of Contract.—Form PC-1 shall be prepared for each contract subject to the provisions of the Walsh-Healey Act.

R. Preparation of Forms PC-13-Poster.—Forms PC-13 shall be sent to all contractors subject to the provisions of the Walsh-Healey Act.

SECTION VI.—APPROVING REQUESTS, PLACING ORDERS AND OFFICE RECORDS

A. LIMING MATERIALS

1. **Accepting orders from farmers.**—Farmers will order liming material through the county association by use of Form ACP-64 (revised, September, 1944).

2. **Ordering material.**—a. County committees will place orders directly with the contractor covering material for delivered to farm, delivered and spread, f.o.b. truck, f.o.b. truck at stockpile, and stockpile types of delivery. Form ACP-65 (revised September, 1944) will be used as a transmittal for the first carbon of ACP-64's to the contractor.

b. Orders for rail deliveries will be placed with the State office by the county committee on Form ACP-65, in accordance with the allocation of material furnished the county office by the State office. The State office will order the material from contractors by use of Form ACP-130, "Request for Shipment," and Standard Form 1103, "Government Bill of Lading."

3. **Accounting for material.**—a. **OTHER THAN RAIL SHIPMENTS.**—Contractors will submit to the county office properly signed forms NCR-663, "Delivery Receipt," covering all deliveries shown on Form ACP-68-B, "Contractors Delivery Summary".

b. **RAIL SHIPMENTS.**—Consignee, through the county office, shall acknowledge receipt of all material received by use of Form ACP-67, "Receiving and Inspection Report". The county committee shall account to the State committee for the distribution of the exact amount shown on Form ACP-67 by use of Form ACP-65, "Summary of Requests."

4. **County office records and reports.**—a. **CONTRACTORS PROGRESS RECORD.**—A record of orders placed with and deliveries made by each contractor will be maintained by use of Form NCR-79, "Contractor's Progress Record".

b. **MONTHLY REPORT.**—A county liming materials report, Form NCR-69, shall be submitted to the State office as of the 20th of each month.

c. **RECORD OF INDEBTEDNESS.**—The original of Form ACP-64 shall be filed in the Record of Indebtedness file when the material has been delivered to the farmer.

5. State office records and reports.—a. **RECORD OF MATERIAL FURNISHED.**—The State office will maintain a record of material furnished by each contractor by use of Form NCR-46-83, "State Record of Contractor".

b. **RECORD OF ORDERS PLACED.**—The State office will maintain a record of orders placed by counties by use of Form ACP-65.

c. **MONTHLY REPORT.**—The State office shall prepare a summary of all county monthly reports for submission to the regional office. This report shall be forwarded on the first of each month by use of Form NCR-70, "State Liming Materials Report".

B. SUPERPHOSPHATE FURNISHED UNDER CONTRACT

1. Accepting orders from farmers.—Farmers will order superphosphate through the county association by use of Form ACP-64 (Revised September, 1944).

2. County request for material.—County committees will request material in carload lots from the State office by use of Form ACP-65.

3. Approving county orders.—State committees shall approve county committees requests for material within the limitations of each State's allocation of material.

4. Ordering material.—State committee shall order material from contractors for shipment direct to counties by use of Form ACP-130, "Request for Shipment," and Standard Form 1103, "Government Bill of Lading".

5. Accounting for material.—Consignees, through the county office, shall acknowledge receipt of all material received by use of Form ACP-67, "Receiving and Inspection Report". The county committee shall account to the State committee for the distribution of the exact amount shown on Form ACP-67 by use of Form ACP-65, "Summary of Request".

6. County office records and reports.—a. The county office shall report to the State office on the first of each month by use of Form ACP-65 the amount of material furnished during the previous month, so long as any material is on hand in the county.

b. **RECORD OF INDEBTEDNESS.**—The original of Form ACP-64 shall be filed in the record of indebtedness file when the material has been delivered to the farmer.

7. State office records.—a. The State office shall account for all material furnished each county by posting to Form NCR-82, "State Superphosphate Record," from Form ACP-65's submitted by the counties.

C. SUPERPHOSPHATE FURNISHED UNDER PURCHASE ORDERS

1. County committees shall approve purchase orders for farmers by use of ACP-128, "Purchase Order for Conservation Materials or Services".

2. The total amount of material approved under Purchase Orders shall not exceed the county allocation of material.

3. County office records and reports.—a. The county office shall maintain a listing of all purchase orders issued by name of vendor, name of farmer, and tonnage.

b. **RECORD OF INDEBTEDNESS.**—After the Purchase Order has been filled and the original and one copy returned to the county office, the copy

shall be filed in the register of indebtedness file at the time the original is forwarded to the State office for payment.

4. **Monthly report.**—A county report of Purchase Orders, Form NCR-93, shall be forwarded to the State office as of the 20th of each month.

5. **State office records and reports.**—a. The State office shall maintain a record of fair prices approved, (Form ACP-146), and allocation of material to counties.

b. **MONTHLY REPORT.**—The State office shall prepare a summary of all county reports for submission to the regional office. This report shall be forwarded on the first of each month by use of Form NCR-93, "Report of Purchase Orders".

SECTION VII.—SAMPLING AND ANALYZING MATERIALS

A. FERTILIZERS—TAKING SAMPLES

1. **Contract material (bagged).**—18, 19, and 20 percent superphosphate, defluorinated and raw rock phosphate, and gypsum, which are furnished in bags, shall be sampled in conformance with the following procedure:

a. The State office shall advise the counties when to take samples so that every tenth car of material shipped into the State by a contractor is sampled. This can be accomplished by the State office keeping a record from the State office copies of the bills of lading received, and requesting the county to which a particular shipment is being made to forward a one-pound sample to the State office for testing.

b. Use a sampler that removes a core from the top to the bottom of the bag. If a sampler is not available, be sure that the sample taken is representative of all parts of the bag. Take cores from not less than ten percent of the bags present unless this process necessitates cores from more than twenty bags, in which case take a core from one bag for each additional ton represented. If less than one hundred bags, sample not less than ten bags; if less than ten bags, sample all bags. Thoroughly mix the portions taken on a clean oilcloth or paper, reduce by quartering to the quantity of sample required, and place in an air-tight container.

c. Samples should be forwarded to the State office in moisture-proof bags properly identified as to county and State code number, Aaa order number, car number, name and address of contractor, and date sample was taken.

2. **Contract material (bulk).**—Samples should be taken from several places in the car. These should be thoroughly mixed, and then the proper amount desired for the sample to be tested should be quartered out. At least a pound of material is necessary for proper analysis. Samples should be forwarded to the State office. (Proper identification would include car number, Aaa shipping request number, name and address of shipper, and date of shipment.)

3. **Purchase order material.**—Each dealer must, before filling a purchase order, file with the county committee a statement as to the quality of the material which will be furnished.

The penalty provisions of the fair price regulations place upon administrative officials the responsibility for making determinations as to whether materials meet guarantee. The system of control must be adequate for this purpose regardless of the general protection offered consumers by State fertilizer control laws. At the same time, it is highly desirable that the facilities for administering these State laws be used to the greatest extent possible in applying the quality controls required for the purchase order program.

In each State where purchase orders will be used for procuring superphosphate, the State committee shall consult with the State Commissioner of Agriculture, State Chemist, or other person charged with administering State fertilizer control laws to arrange mutually satisfactory plans whereby the quality of the superphosphate can be ascertained and proper records kept by the State committee.

Where State laws provide only for registration fees, it may be necessary for the A. A. A. to reimburse the States for the cost of services rendered. On the average, it costs approximately \$3.00 per sample for phosphate analyses run by Bureau of Plant Industry, Soils, and Agricultural Engineering, to which may be added \$1.00 for the expense of taking samples. Where payment to the State fertilizer control agency is found necessary, it should be advised that we are willing to contract with it to take samples and make analyses at these rates. In States where fertilizer laws provide for the collection of tonnage taxes, the additional revenue obtained from superphosphate which we acquire on purchase orders should amply cover sampling and analyzing that material, inasmuch as it would not have been manufactured had A. A. A. not agreed to purchase it.

The arrangement should include an understanding in regard to the frequency of sampling which should be sufficient to meet acceptable standards and safeguard the quality of material. The frequency and method of reporting to the State committee should also be agreed upon.

The regional office should be kept periodically informed on the progress of these negotiations. Before final arrangements have been made by a State committee, a statement of the essential provisions of the agreement should be submitted to the regional office.

4. **Analysis.**—Except in those States where arrangements have been made for the analyzing of contract material by State universities, samples should be forwarded to Mr. K. D. Jacob, Division of Soils, Fertilizers, and Irrigation, Plant Industry Station, Beltsville, Maryland. Samples of gypsum should also be forwarded to Mr. Jacob.

a. **Analysis reports.**—ACP-133, Conservation Materials Analysis Report, should be prepared for and should accompany each sample sent to Mr. Jacob. It is also preferred that reports to the North Central Division of analyses of superphosphate made by State universities be submitted on Form ACP-133.

B. LIMING MATERIALS

General plan.—All sources of liming material within a county, except hydrated lime, burnt lime, burnt lime waste, egg shells and wood ashes from which material is drawn for agricultural conservation purposes, will be sampled and tested. Each county committee will be responsible for having at least one sample taken each month from each source of supply. Ground limestone samples will be taken at the quarry, marl samples at the pit, and refuse or by-products liming materials and slag from the stock pile at the point of origin. County committees will forward the samples directly to the laboratory in accordance with specific time schedules determined by the State office.

The laboratory will perform the mechanical and chemical analyses of the sample submitted and advise the State office promptly of the results. Where necessary, the A. A. A. will reimburse the laboratory for the services rendered in accordance with agreements entered into between the laboratory and the A. A. A. Agreement forms will be furnished upon request.

The State office will advise the producer of the materials and the county committee of the results of each analysis and whether the material is acceptable for use under the agricultural conservation program. The State committee will maintain adequate records and take whatever action is necessary to assure an even flow of work to the laboratory and to make sure that county committees are taking sufficient samples from all sources within the county. Fieldmen will instruct county committees in the proper method of taking samples and will supervise the work of the county committees to the extent necessary to effectuate compliance with this procedure.

Statement of policy.—By use of the usual information channels State committees and county committees shall make the following information available to all farmers cooperating in the program and to all members of the liming material industry who customarily furnish agricultural liming materials to farmers for conservation purposes:

1. All regulations of the program concerning the quality of liming materials will be enforced.

2. The A. A. A. will take samples from all sources of liming materials at least once every thirty days and will arrange for an analysis of the material by qualified laboratories.

3. The results of the analysis will be available in each county office and it will be the responsibility of the farmer to check with the county office if he is concerned with the quality of material being furnished by a particular source.

4. Credit for material applied will be determined on the basis of the analysis of the samples of the material taken by the A. A. A.

5. At the time of performance check, each farmer will be required to furnish sales tickets for material purchased commercially showing quantity of material and date delivered.

C. COUNTY OFFICE PROCEDURE

1. The county committee shall definitely assign the task of taking samples to a responsible employee who may be a member of the committee.

2. At least one sample shall be taken each month from each source of agricultural liming material used for conservation purposes, which is located within the county within the period of the month designated by the State committee.

3. Samples shall be taken in accordance with instructions contained in paragraph 7, subparagraph "a", page 24 of this procedure. Form ACP-133 shall be prepared for each sample.

4. **Mailing samples.**—All samples taken during the period specified by the State committee shall be securely packaged and mailed directly to the laboratory on the date designated by the State committee. It is planned to provide county committees with an adequate container in which to mail the samples to the laboratory. Until such time as these containers are available the county committee should use any type of box or package which will be sufficiently strong to permit the samples to be received at the laboratory in good condition.

5. Form NCR-94, "Notice of Liming Material Samples Taken," will be furnished each county by the State office and will list all sources located within the county from which samples should be taken.

D. STATE OFFICE PROCEDURE

1. The State office, through the fieldmen, shall determine the name and location of each quarry, pit, and stockpile from which samples should be taken within each county. Form NCR-94 will be typed in the State office for each county and should list all such quarries, pits, and stockpiles.

2. The State office shall set up a sample taking time schedule which will afford an even flow of samples to the laboratory and will permit the analysis of at least one sample from each source during each month. Each county committee should be advised of the designated period during each month in which it is to take samples and the final date during that period on which the samples should be mailed to the laboratory. The schedule should be set up by use of Form NCR-46-95, "County Liming Material Sampling Schedule."

3. When a source is located within the North Central Region and material is being furnished in both the State in which the source is located and in an adjoining State, samples will be taken and analyzed by the State in which the source is located. Arrangements should be made between the State committee of the State in which the source is located and the State committee of the adjoining State in which the material also is being delivered so that the results of the analyses will be available to both State committees.

If the material is being furnished in a State in the North Central Region from a source located outside of the region, samples of the material furnished will be taken from the truck or railroad car upon arrival at its destination.

4. Results of analyses from the laboratory.—a. The State office will receive the original and two carbons of the completed Forms ACP-133 from the laboratory. (The laboratory will retain the bottom copy.)

b. The State office shall review all results of analyses received from the laboratory.

c. If the results of the analyses indicate that the material is below specifications the State office shall proceed as follows:

(1) Request the county committee to obtain another sample immediately and to obtain additional samples once each week until advised further.

(2) Advise the State laboratory to give preference to the additional samples and request it to report the results of the analyses immediately to the State office.

(3) If the results of the analyses of the second samples are satisfactory it can be assumed that the first samples were not representative of the material and the county committee should be so advised and instructed to discontinue taking samples at weekly intervals and to revert to the regular monthly sampling schedule. If the results of the analyses of the second samples do not meet specifications, the procedure set forth in paragraph 5 below should be followed.

d. The State office will transmit one copy of Form ACP-133 to the producer, one copy to the county committee and retain the original.

e. The original forms will be filed in a 5 x 8 card file alphabetically by name of producer.

f. Original Forms ACP-133 covering material not meeting specifications should not be filed until the case has been settled in accordance with procedure set forth herein. Such forms should be maintained in a separate file for ready reference until each case is settled.

5. Material not meeting specifications.—a. If the results of the first sample indicate that the material does not meet specifications, the

county committee and the producer of the material should be advised of this fact and the producer also advised that samples will be taken at frequent intervals until a definite determination of the quality of the material can be made. It shall be the responsibility of the producer to advise truckers or other customers of this fact.

b. The State office should make every effort to assist the producer to bring the quality of his product up to standard.

c. As soon as the material again meets quality specifications, the county office should be immediately instructed to return to the regular monthly sampling schedule.

(1) No adjustment in the payment or deduction for liming material purchased by or furnished to individual farmers shall be made with respect to material acquired prior to receipt of notice by the county committee from the State committee that the liming material fails to meet specifications.

(2) If the material is being furnished under contract, the contractor shall either furnish each farmer an additional amount of material as required by the State office or receive payment for the material at a proportional reduction in price as provided in the contract.

d. If the material from a particular source consistently runs under specifications and the producer appears to be making no effort to improve the quality, all of the output of the producer shall be considered as below standard until the State office is satisfied, from subsequent samples, that the material again meets specifications. The State office shall average the analysis reports received to date and on the basis of the deficiency shall require a correspondingly greater amount of the material to be applied in the future to earn credit at the established credit rate per ton. This requirement shall begin upon receipt of notice to the county committee from the State committee that the material does not meet specifications. This notice shall set forth the amount of additional material required.

(1) Contracts covering this material shall be canceled or amended to provide for material of the revised specifications.

e. **Material Being Produced and Stockpiled for Future Delivery.**—If samples are taken during the time a stockpile is being produced and some of the analyses do not meet specifications, the quality of the material in the stockpile shall be determined as an average of all analyses taken during the stockpiling process.

6. Determining deductions for material not meeting specifications.—a. The specifications shown in section II will be considered minimum specifications for each type of material whether sold to farmers commercially or purchased through A. A. A. contracts.

b. Where the minimum specifications for agricultural limestone require 80 percent including all the finer particles through an 8-mesh screen and 80 percent calcium carbonate equivalent, and one or both must be above the minimum so that the result of multiplication of the two will be at least 0.72, the following will apply:

(1) If the analysis report shows both the mechanical and chemical analysis to be below 90 percent but neither less than 80 percent, multiply the two and compare the results with 0.72. If the result is 0.72 or greater the material meets specifications. If the result is less than 0.72 the deficiency will be the percent by which the result of the multiplication is less than 0.72. The price of the material should be reduced by the percent of the deficiency or that percent of 2000 lbs. of additional material should be required for each ton of the low analysis material delivered.

(2) If either the mechanical analysis or the chemical analysis exceeds 90 percent and the other analysis is less than 80 percent the deficiency should be computed only on the analysis which is less than 80 percent. For example:

Analysis report shows 95 percent CaCO_3 and 75 percent through an 8-mesh screen. The cost of the material is \$2.00 per ton.

Since the material contains more than 90 percent CaCO_3 , the mechanical analysis need only be 80 percent for the material to meet specifications. The formula for determining the deduction will be as follows:

$$\frac{75}{80} \times \$2.00 = \frac{150}{80} = \$1.875 \text{ (value of 1 ton of material)}$$

$$\frac{80}{75} \times 2000 \text{ lbs.} = \frac{160,000}{75} = 2,133\frac{1}{3} \text{ lbs. (amount of material required to equal 1 ton of material meeting specifications).}$$

(3) If neither the mechanical nor the chemical analysis meet the minimum specifications, the minimum chemical specifications should be given a weight of 90 percent and the mechanical specification a weight of 80 percent. For example:

Analysis report shows 68 percent CaCO_3 and 75 percent through an 8-mesh screen. The cost of the material is \$2.00 per ton.

Since both mechanical and chemical analyses are below minimum specifications, the formula for determining the deduction will be as follows:

$$\frac{68}{90} \times \frac{75}{80} \times \frac{2.00}{0} = \frac{10,200}{7,200} = \$1.42 \text{ (value of 1 ton of material)}$$

$$\frac{90}{68} \times \frac{80}{75} \times 2,000 \text{ lbs.} = \frac{14,400,000}{5,100} = 2,824 \text{ lbs. (amount of material required to equal 1 ton of material meeting specifications).}$$

c. Where the minimum specifications are the same as shown in subparagraph "b" above and have the additional requirement of 20 percent through a 100-mesh screen the procedure will be the same as set forth in paragraph "b" unless the percentage through the 100-mesh screen is less than 20 percent. For example:

Analysis report shows 95 percent CaCO_3 , 75 percent through an 8-mesh screen and 12 percent through a 100-mesh screen. The formula for determining the deduction will be as follows:

$$\frac{75}{80} \times \frac{12}{20} \times \$2.00 = \frac{18.00}{16} = \$1.125 \text{ (Value of 1 ton of material)}$$

$$\frac{80}{75} \times \frac{20}{12} \times 2000 \text{ lbs.} = \frac{3,200,000}{900} = 3,556 \text{ lbs. (amount of material required to equal 1 ton of specification material).}$$

7. Method of taking liming material samples.—a. Each county committee shall purchase or otherwise provide themselves with the following equipment:

1 bucket, 1 small handcoop, 1 old auto license plate or similar piece of metal, 1 large spoon, and 1 square yard of paper or oilcloth.

In addition to the above-mentioned equipment, the State committee shall provide the county committee with a sufficient supply of cellophane bags and envelopes and Forms ACP-133, "Conservation Materials Analysis Report."

b. Taking samples at the quarry.—If possible, samples should be taken from the chute. However, if the chute is inaccessible and the material is being loaded on to a stockpile or directly into trucks, the sample may be taken from the stockpile or the truck.

(1) If the sample is to be taken from the chute, use the scoop and take samples at intervals as the material leaves the chute and place the sample in the bucket.

Care should be taken to see that samples from the sides of the chute as well as from the center are obtained.

(2) If the sample is to be taken from the stockpile, use the scoop to take samples beginning at the bottom on the outside of the pile, up and around the pile until the last sample is taken from the top. Place all scoopsful as taken in the bucket.

(3) If a sample is to be taken from a truck at the quarry the handscoop should be used to take samples from both sides, both ends, and the center of the truck load. All scoopsful taken should be placed in the bucket.

(4) After the samples have been taken and placed in the bucket as described above, proceed as follows: Take the large spoon and mix the limestone in the bucket thoroughly, being careful not to shake the bucket or whirl it which would cause the coarser material to separate from the finer material. Lay the square yard of paper or oilcloth on a smooth surface and turn the bucket upside down quickly on the paper, or oilcloth, permitting the lime to fall on the paper or oilcloth in as near one mass as possible. **Do not** pour the lime on the paper or cloth.

Take the auto license plate and divide the pile into two equal piles by forcing it straight down through the center of the pile and scraping one side away from the other. Place the part scraped away back on the truck or stockpile. Put the remainder back in the bucket and again mix thoroughly and dump again on the paper or oilcloth. Divide the pile with the license plate again, putting the part removed back on the truck or stockpile. Place the remainder in the bucket and mix thoroughly with the spoon. Then take the spoon and fill the cellophane bag from the lime in the bucket. The cellophane bag containing the sample should be placed in the manila envelope and clearly labeled.

c. Samples of marl should be taken and prepared in the manner set out above except that the sample may be taken from the pit or from a truck which was loaded at the pit while the person taking the sample was present.

d. Samples taken of refuse lime and slag from stockpiles should be taken in the manner set forth above except in the case of extremely large stockpiles the samples should be confined to the area in which trucks or railcars are being loaded on that particular day. If trucks or railcars are being loaded at several points on a large stockpile, samples should be taken from all loading points. Samples should be taken from at least ten places around and over the area being sampled.

SECTION VIII.—CHECKING WEIGHTS OF LIMING MATERIALS DELIVERED UNDER A. A. A. CONTRACTS

In order that farmers may determine the approximate tonnage of liming material being delivered in each truck load by A. A. A. contractors, State and county committees should proceed as follows:

1. All trucks hauling liming material under contract, regardless of whether the contractor uses a scale, must have the truck beds marked in such a manner that the approximate amount of material on the truck can be determined by visual inspection.

a. Truck beds should be marked by painting with a durable paint a line indicating the level at which the bed will hold varying tonnages, and directly in connection with each line the tonnage should be clearly printed.

b. The proper spacing for the lines may be determined by weighing various loads or by measurements.

c. County committees shall contact all contractors concerning this matter and shall assist in determining that all beds are correctly marked.

2. It is the responsibility of the county committees to assure themselves that farmers are receiving the full tonnages as indicated on the delivery receipts. To accomplish this, trucks should be checked (even though the beds are marked) as frequently as the county committee feels necessary, or upon specific request of the State committee. If

scales are not available, the county committee shall determine the weight by cubic measurement.

3. Upon request of the State committee each county committee shall furnish a report indicating the action taken, the name of the contractor, the number of trucks hauling liming material for each contractor and the number of beds marked.

4. As weights are periodically checked the county committee shall forward a report to the State committee setting forth the name of the contractor, the weight of the load claimed by the contractor and the actual weight or amount computed by cubic measure found by the county committee.

5. In cases where the contractor is furnishing short weights the State committee shall determine whether such short weights are deliberate and constitute an attempt to defraud the Government or whether the circumstances would indicate that the contractor did not knowingly furnish short weights.

In those cases which the State committee determines were without intent to defraud, the contractor shall be required to deliver to each farmer the correct amount of material as shown on the delivery receipt.

6. In any case where the county committee or State committee has indication that the contractors are obtaining receipts before the material is actually delivered, such contractors' vouchers should not be approved for payment until the county committee has assured itself that the farmers have received the full tonnage receipted for.

7. NOTICE: *All cases where the county committee or State committee has indication that the contractor is deliberately attempting to defraud the Government such as furnishing short weights, obtaining receipts before material is delivered, etc., shall be reported to the regional office for handling. In no case of deliberate fraudulent action by the contractor shall the county or State committee attempt to make a settlement without the approval of the regional office. In these types of cases, vouchers should not be certified for payment until a definite decision is made with respect to alleged irregularities.*

SECTION IX.—PAYMENTS TO VENDORS UNDER CONTRACTS AND PURCHASE ORDERS

A. VENDORS' CLAIMS FOR PAYMENT

1. Vendors will obtain receipts on Forms NCR-663 for the delivery of liming materials and on Forms ACP-128 for superphosphate or services delivered under such purchase orders, and will submit forms ACP-68-B, "Contractor's Delivery Summaries" (with related forms NCR-663) and forms ACP-128's to the county office for payment.

2. Claims for payment for liming materials delivered by rail will be made by contractors on Standard Forms 1034 prepared and mailed to them by the State Office and the Forms 1034 will be submitted directly to the State office.

3. Contractors' claims for payment for materials furnished under contracts awarded by the Washington office will be prepared by the contractors and submitted directly to the State office.

B. HANDLING OF VENDORS' CLAIMS FOR PAYMENT IN THE COUNTY OFFICE

1. County offices will examine Forms ACP-68-B and ACP-128 for

completeness and correctness of entries, for correctness of computations, to determine that any changes or alterations have been initialed, and will make any corrections necessary.

2. When the necessary verifications and entries have been made a member of the county committee will date and sign the approved Forms ACP-68-B and ACP-128 in the spaces provided and transmit them to the State office for payment.

C. HANDLING OF CLAIMS FOR PAYMENT IN THE STATE OFFICE

1. **Rail shipments of liming materials.**—The Form ACP-67, Receiving and Inspection Report, for a rail shipment of liming material will be checked against the State office copy of the related Form ACP-130 to determine that the quantity ordered was received, and a Standard Form 1034 will be prepared and forwarded to the contractor for signature and return. Upon return of Standard Forms 1034 properly signed they will be scheduled on Standard Forms 1064, certified, and transmitted to the regional disbursing office for payment.

2. Standard Forms 1034 to cover purchase orders and forms ACP-68-B will be prepared and scheduled on Standard Forms 1064, certified and transmitted to the regional disbursing office for payment.

3. **Vouchers covering superphosphate, defluorinated phosphate, and raw rock phosphate.**—a. State offices will be provided with copies of the contracts under which shipments will be made.

b. Upon receipt of the contracts, the State office will prepare an 8 x 5 card for each contract, a record of allocations, a record of tonnages shipped, and payments made shall be maintained on this card.

c. Contractors will bill the State office each week for all shipments made during the week.

(1) The contractors claim for payment will consist of the following:

- (a) Original and one copy of Standard Form 1034
- (b) Original and one copy of Form ACP-141
- (c) One copy of the completed bill of lading

All forms will be prepared by the contractor.

d. Forms ACP-67, "Receiving and Inspection Report," will be forwarded by the county office directly to the State office.

e. Audit of vouchers in the State office:

(1) The State office will verify—

- (a) Contractor's name, address, and contract number.
- (b) Description of the material.
- (c) Shipping point.
- (d) Price.
- (e) Tonnage claimed *vs.* amount shown as received on Form ACP-67 (vouchers cannot be certified until the applicable Form ACP-67 is received in the State office).
- (f) Bill of lading number as shown on Form ACP-67.
- (g) Total amount claimed.

f. Distribution of Forms:

(1) To the disbursing office—

- (a) Original Standard Form 1034.
- (b) Original Form ACP-141.
- (c) Standard Form 1064 (same number of copies as used for limestone vouchers).
- (d) Original of Difference Statement, if any.

(2) Retained in State office—

- (a) Copy of Standard Form 1034.
- (b) Copy of Form ACP-141.
- (c) Copy of Bill of Lading.
- (d) Form ACP-67.

(3) To Control Accounts and Audit Section—

- (a) One copy of Form ACP-67 in all cases of loss, damage, or shortage in order that Control Accounts and Audit Section can adjust freight. Enter in "Remarks" space, information as to the deduction, if any, made from the contractor's voucher.

g. Adjustments in amount claimed:

(1) Bagged material—

- (a) Adjustments will be made on the basis of shortages reported on the applicable Form ACP-67.
- (b) Losses in transit will be adjusted with the carrier on the basis of the report on the original bill of lading and Form ACP-67.
- (c) Short shipments will be adjusted with the contractor unless no seals or broken seals are on the car upon arrival or it is established that the numbers of the seals at destination do not agree with those placed on the car by the contractor in which case the adjustment is made with the carrier.
- (d) After the Control Accounts and Audit Section has reviewed Form ACP-67 in cases of loss, damage or shortage it may be necessary to make subsequent adjustments with the contractor. Such adjustments shall be made on any unpaid vouchers received in the State office upon request of the Control Accounts and Audit Section.
- (e) Adjustments for substandard material will be made in accordance with instructions from the Chief. Deductions will be made only on request of the Regional office.

(2) **Bulk material.**—In all cases where the shortage is less than 3% and Form ACP-67 gives no explanation concerning loss in transit (such as leaky cars) no deduction for the shortage will be made. If the shortage is in excess of 3%, the responsibility for the shortage will be determined on the basis of the weight certificates submitted and the actual scale weights determined by the consignee as shown on Form ACP-67.

(a) If the shortage is in excess of 3% and Form ACP-67 does not explain the reason for the shortage and no weight certificate was submitted by the contractor, request a weight certificate from the contractor and additional information if necessary from the consignee. If the weight certificate submitted by the contractor shows the amount shipped to be the same as the amount claimed by the contractor the carrier will be responsible for the shortage. The weight certificate should be attached to the copy of Form ACP-67 forwarded to the Control Accounts and Audit Section.

(b) If the contractor does not submit the requested weight certificate, the deduction should be made from the contractor covering the amount of shortage in excess of 3%.

(c) If the weight certificate submitted by the contractor shows a lesser amount shipped than claimed by the contractor, the contractor's voucher should not be approved for an amount in excess of the amount actually shipped.

h. Difference Statement (Form NCR-46-74):

(1) Distribution—

- (a) Original with voucher to disbursing office.
- (b) Copy to payee.
- (c) Two copies with State office voucher file.
- (d) Copy to North Central Division.

i. **APPROPRIATION CHARGEABLE.**—The appropriation chargeable will be the appropriation in effect at the time the contract was awarded.

j. **BUREAU VOUCHER.**—(1) Bureau voucher number should be used from the same series used for liming materials.

k. Allocation of Material:

- (1) The regional office will continue to make allocation of material.
- (2) Payment for tonnage furnished under each contract may not exceed the allocation received from the regional office.

1. OBLIGATION OF FUNDS.—(1) Funds will be obligated to cover the cost of material ordered in accordance with instructions issued by the Administrative & Fiscal Section of the North Central Division.

D. DISCOUNTS

1. Claims submitted by contractors offering a discount must be given special handling in order that payment can be made within the discount period. In the event a discount is lost due to improper handling, it will be necessary for the certifying officer to prepare a statement explaining the reason for such loss. If this explanation indicates negligence on the part of the employees handling the vouchers, it will be necessary that the responsibility be fixed and the Government reimbursed for the discount lost.

2. Discount periods will be figured from the date a properly executed Form ACP-68-B, ACP-128, or voucher is received in the county office for other than rail shipments. In the case of rail shipments the date the material is received at the destination as evidenced by Form ACP-67 will be used. If it becomes necessary to return the claim to the contractor due to the fact that the claim has not been properly submitted, due to his error, or if there is a delay on the contractor's part in returning the voucher, the discount period will begin upon receipt of the correct form in the county or State office as the case may be.

3. In compliance with requests of the Treasury Department to provide a uniform method for the submission of discount vouchers to the Division of Disbursement for payment, and to guard against loss of cash discounts, the Office of Budget and Finance has issued the following instructions:

a. Expedite handling of discount vouchers in order that such vouchers may be forwarded to the proper disbursing officer sufficiently in advance of the date the discount period expires to enable payment on or before that date.

b. Schedule cash discount vouchers separately from other vouchers.

c. Utilize Treasury Form No. 426 (prescribed by the Treasury Department) for use as a standard notification to be attached to all Schedules of Disbursements (Standard Form 1064) which normally covers the voucher(s). The final discount date should be inserted in the space provided on Form No. 426.

d. More than one discount voucher may be included on the same schedule provided there are not more than three days separating the earliest and latest discount periods. Where more than one voucher is included on a single schedule, the discount notice (Form No. 426) should indicate the earliest expiration date of the discounts involved.

E. DEDUCTIONS ON VOUCHERS

1. **Reasons for making deductions.**—a. When Form ACP-68-B claims payment for more material than is receipted for on NCR-663.

b. When contractor claims at a rate in excess of that stipulated by contract, or in the case of purchase orders at a rate in excess of the fair price established or the portion thereof payable by the Government.

c. When shortages in material are reported for which the contractor is definitely responsible. (Shortages for which the carrier is responsible should not be deducted from the contractor's bill.)

d. Materials or services which do not meet specifications.

2. Method of making deductions.—a. In all cases where the audit reveals that a bill will be certified in an amount different from the amount claimed, a "Difference statement," Form NCR-46-74 will be prepared in triplicate, describing the deduction made on the face of the voucher.

F. DISTRIBUTION OF STANDARD FORM 1064 AND SUPPORTING FORMS

1. Forward the original and two copies of Standard Form 1064 to the regional disbursing office, together with the original vouchers, Standard Forms 1034, original of the Contractor's Delivery Summary, forms ACP-68-B, or forms ACP-128.

2. Forward one copy to the State accountant.

3. Retain one copy in the scheduling unit.

4. When a copy is returned from the disbursing office, the scheduling unit should transfer the additional information which has been placed on the forms by the disbursing office to their file copy of the schedule. The form returned by the disbursing office should then be forwarded to the State accountant.

G. ASSIGNMENT OF PAYMENTS

1. Under the "Assignment of Claims Act of 1940" an assignment of money due or to become due under a public contract involving payments of \$1,000 or more may be made to banks, trust companies, or other financial or lending institutions. The Act does not authorize assignment of the contract itself, and irrespective of an assignment by a contractor of the money due or to become due, the contractor is charged with the duty of performing the contract in accordance with its terms. It, therefore, is the responsibility of the contractor to execute certificates on vouchers, invoices, etc., as required by the contract. In this connection, no money is due and payable by the United States until such certificates are executed by the contractor, and since it is his responsibility to establish that an amount is due and payable under the contract, it is not necessary to obtain a certification in that respect from the assignee.

2. Assignments of payments under source of supply contracts can only be made when the contract involved has been amended to guarantee the placement and acceptance of orders amounting to at least \$1,000. That is, to the extent of vouchers totaling at least \$1,000 gross value (before discount, if any) the source of supply offer must become a definite quantity contract. When a contractor notifies a contracting officer that he desires to assign payments under his contract, an amendment should be issued, worded as follows:

(a) Your contract is hereby amended to include a firm commitment by the Government to place orders amounting to at least \$1,000 gross value during the contract period and by you to accept orders in at least that amount. An acknowledgment of this amendment is required.

3. In assignment cases, two sets of the "Notice of Assignment," CM-41-5A (original and three copies) should be executed by the

assignee in accordance with the instructions on the reverse side thereof. A true copy of the instrument of assignment should be attached to each set of the "Notice of Assignment." One set should be addressed to the General Accounting Office, Washington, D. C., and the other should be addressed to the contracting officer, to be retained in the State office. The three copies with the receipts properly signed by the contracting officer shall be returned to the assignee. One copy of each receipt returned to the assignee should be retained by him for his own records, and two copies of each such receipt should be attached to the first voucher submitted for payment. One copy of each such receipt should be retained in the State office, and the other copy of each such receipt should be forwarded with the original voucher.

4. A true copy of the instrument of assignment may consist of:

- a. A duplicate original containing all signatures, seals, acknowledgments, etc., which appear on the original
- b. A complete photostatic copy of the original, or,
- c. An accurate and complete copy including signatures, seals, acknowledgments, etc., which may be typewritten, provided such copy is certified as being a true copy by a notary public or other officer authorized by law to administer oaths.

5. It is not necessary for the assignee to make a specific claim under a valid assignment for an amount established to be due and payable under a particular contract. In order to insure that payments are properly made, to prevent frauds against the United States, and to protect the rights of all parties involved, it should appear from an examination of the voucher and Form ACP-68-B that the contractor recognized the assignment, its validity, and the right of the assignee to receive the payment.

6. In assignment cases the name of the assignee should be entered in the space for the payee at the top of the voucher in the following manner: Joe Doe (assignee, authorization filed). The contractor shall not be required to sign the voucher if the following or similar statement has been entered by him on Form ACP-68-B "Payment for this material shall be made to....., assignee, whose address is" This statement shall be entered at the bottom of Form ACP-68-B immediately above the space for the contractor's name. If this statement has not been entered on Form ACP-68-B the contractor should sign the certificate on the voucher in the space provided for the payee's signature below the certification relative to performance and payment. The notation "See Form ACP-68-B," may be inserted in the blank space after the contractor's signature.

7. No form will be provided for making assignments. Any instrument of assignment containing in substance the following wording will be acceptable:

"I hereby assign the moneys due or to become due me under Contract No..... dated....., to....., whose address is..... This assignment is made pursuant to the Assignment of Claims Act of 1940."

8. The assignment should be signed and dated by the contractor making the assignment, and his signature should be witnessed.

H. ALTERNATE METHODS

If a contractor does not desire to make an assignment which may be

operative for the duration of the contract, he may—

1. Submit to the State office a request that checks drawn in his favor be mailed in care of any designated addressee. This request may be canceled at any time on written request of the contractor.

2. Give a power of attorney by executing two Treasury Department Forms 6569, "Power of attorney by the individual for the collection of checks drawn on the Treasurer of the United States." One copy of the form will be retained by the contractor and the second copy may be presented with the first check or forwarded directly to the Treasurer of the United States, Washington, D. C. This power of attorney may be revoked by the contractor at any time by giving proper notice to the Treasury Department.

I. PAYMENTS TO ESTATES OF DECEASED CONTRACTORS

In cases where the contractor is deceased and there is an amount outstanding or a check has been issued but not negotiated for deliveries of materials prior to the date of death, the following procedure is applicable:

1. The administrator or executor, as the case may be, shall execute Standard Form 1055, attaching his letters of authority, showing thereon that such authority is still in full force and effect. A copy of the authority is sufficient, provided it has been certified as being a true copy of the original by the clerk of the issuing court. The administrator or executor shall also submit Form ACP-68-B, signed in his representative capacity, in the event this form has not previously been executed by the contractor.

2. If an administrator or executor has not and will not be appointed, Standard Form 1055 should be executed by one of the heirs who is of legal age and has sufficient knowledge of the affairs of the decedent to supply the required information. Form ACP-68-B should also be executed by the individual submitting Standard Form 1055.

3. Settlement of these cases may not be made in the State office through the regional disbursing office. Form AD-42 should be prepared on the case for the signature of the Director of Finance in conformance with the instructions contained in APS-1. It will be necessary to forward all forms, letters of authority, and any other relevant material to this office for examination and transmittal to the General Accounting Office. Any further correspondence which may be necessary will be continued by that office. It will not be necessary to submit Standard Form 1034.

